

City of Edinburgh Council

10am, Thursday, 25 August

Cost of Living Support – response to a motion from Councillor Biagi

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that Council:
 - 1.1.1 Notes the substantial actions undertaken to date by the Council to address the cost of living crisis in Edinburgh
 - 1.1.2 Agrees, in line with recommendations from the Finance and Resources Committee on 14 July 2022, that £1,212,000 of provisional unallocated underspend from the Council's 2021/22 budget is used to clear school meal debts and make a one-off payment to families of £100 for each child in receipt of free school meals,
 - 1.1.3 Notes the findings of Edinburgh Partnership discussions and agreed actions to improve workforce capacity in the welfare rights sector, and promote awareness and access to money advice support
 - 1.1.4 Agrees that the Council Leader will write to UK and Scottish Governments urging them to increase welfare payments to those in need, and intensify efforts to increase the uptake of welfare entitlements.

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2. Executive Summary

- 2.1 This rise in the cost of living is resulting in significant difficulties for many families in Edinburgh. The drivers of these increasing pressures are international and macroeconomic, and the tools to make the most effective direct solutions are largely in the hands of national governments, but the Council and partners have made substantive actions to provide additional assistance through this year to date.
- 2.2 In February 2022 the Council budget allocated £7.535m of funds in actions towards easing the cost of living crisis for low income citizens, including one-off cash payments to at least 31,900 low income households, alongside additional funding for crisis grants, energy and food crisis support throughout this financial year
- 2.3 In July 2022 a special meeting of the Finance and Resources Committee recommended, subject to approval by Council, further financial support for low income families. This proposes the use of £1,212,000 of Council funds to clear school meal debts and make a one-off payment to families of £100 for each child in receipt of free school meals.
- 2.4 Further to this, a special meeting of the Edinburgh Partnership reviewed evidence on where additional support in the city is needed, and what partnership actions would have the greatest impact. These actions include:
 - 2.4.1 Additional capacity for third sector crisis grant programmes, and income maximisation advice capacity in Edinburgh
 - 2.4.2 Implementation of a new employability programme for welfare rights advisors in Edinburgh to build the skilled workforce needed by that sector
 - 2.4.3 Promotion of citizen and staff awareness of help available to households who are worrying about money or struggling to get by during this autumn and winter period, and
 - 2.4.4 The Council Leader writing to UK and Scottish Governments urging them to increase welfare payments to those in need and intensify efforts to increase the uptake of welfare entitlements.

3. Background

- 3.1 On 17 August 2022 the Office for National Statistics published new data to show that the UK rate of inflation, as measured by the consumer price index, had risen above 10% for the first time in 40 years. This increase was driven by rising prices for core household goods and services including home energy, road fuel, food, and drink.
- 3.2 This rise in the cost of living is resulting in significant difficulties for many families across the UK. [Recent research](#) estimates that almost 73% of households in Scotland could fall into fuel poverty (spending more than 10% of income on energy costs) by January 2023 if energy price cap changes come into effect as planned. At the same time, analysis from Citizen's Advice Scotland estimates that 20% of people in Scotland already run out of money before pay day every month.
- 3.3 The main drivers of these increasing pressures are international and macroeconomic, and the tools to make the most effective direct solutions are largely in the hands of national governments – through, for instance, social security systems, taxation, and market regulation.
- 3.4 Local government and partners, however, do have a role to play in addressing the cost of living crisis. In February 2022, the City of Edinburgh Council approved a £7.535m of funds in actions towards easing the cost of living crisis for low income citizens. A full report on progress towards delivery of these measures will be considered by the Policy and Sustainability Committee on 30 August 2022, but in summary this package has provided:
 - 3.4.1 A total of 40,109 direct cash payments to at least 31,900 low income households and over 8,100 children, at a total cost of £5.6m.
 - 3.4.2 An additional £750,000 in crisis grant funds during this financial year
 - 3.4.3 £100,000 in crisis payments for families struggling with energy costs,
 - 3.4.4 £300,000 to support projects in Edinburgh providing emergency food support, and
 - 3.4.5 £300,000 to provide family support and income maximisation services across Edinburgh, providing capacity for an additional provides capacity for 1,500 individual advice appointments per annum
- 3.5 On [30 June 2022](#) the City of Edinburgh Council approved an amended motion from Councillor Biagi on further cost of living support for Edinburgh citizens. With this motion Council agreed to:
 - 3.5.1 Note the continuing cost of living crisis and the actions taken to date by the Council
 - 3.5.2 Convene an emergency meeting of the Finance and Resources Committee within two weeks to consider the feasibility and costs of approving further cost of living support measures

- 3.5.3 Call a special meeting of the key Edinburgh Partnership members in July to inform the priorities for future CEC and partner spend to assist households on low and middle incomes with the rising cost-of-living including support to, and
- 3.5.4 Commission a further report to return to Council in one cycle to outline further options for support from City of Edinburgh Council in this financial year that would assist households on low and middle incomes with the rising cost-of living.
- 3.6 On 14 July 2022 a special meeting of the [Finance and Resources Committee](#) was held to consider the actions and cost implications of the approved motion from Councillor Biagi.
- 3.7 On an amendment (provided in Appendix 1), the committee agreed that, subject to approval by Council, a total of £1,212,000 of provisionally unallocated underspend from the 2021/22 budget should be used to:
 - 3.7.1 Clear school meal related debt of £64,000
 - 3.7.2 Create a provision of £128,000 for school meal hardship in the coming school year
 - 3.7.3 Make a one-off £100 payments for the 8,832 children who are currently in receipt of free school meal entitlements in Edinburgh, and
 - 3.7.4 Use the remaining £136,800 (subject to audit) for making £100 payments to the families of children who are newly registered as eligible at the start of the August school term.

4. Main report

- 4.1 Following the motion to Council outlined above a special meeting of the Edinburgh Partnership was convened on 28 July 2022 to discuss and agree additional partnership actions to help Edinburgh citizens meet and manage the rising cost of living.
- 4.2 The partnership reviewed available evidence on the impact of the cost of living crisis in Edinburgh, with a particular emphasis on evidence gathered from money advice services across the city working to help citizens access benefits entitlements, manage debts and other household costs. This analysis showed:
 - 4.2.1 Clear increasing numbers of advice clients seeking support for rising fuel costs and food crisis
 - 4.2.2 Increasing numbers of clients seeking advice on returning to work
 - 4.2.3 Continuing high caseloads of clients seeking help with benefits, debt, and housing issues
 - 4.2.4 A relatively stable profile of clients by household characteristic, with no evidence to date of increasing demand from older clients or other specific groups, and

- 4.2.5 Relatively low awareness of how to get help with money problems – 52% of people across Scotland report that they would ‘do not know where to go to get help’.
- 4.3 Alongside these issues, the analysis showed significant workforce and capacity issues within the money advice sector in Edinburgh, with longstanding challenges around staff recruitment, retention, and workforce wellbeing.
- 4.4 In response to this evidence, the partnership consider those areas where additional support in the city is needed, and what partnership actions could have the greatest impact.
- 4.5 Within this analysis, the partnership noted the importance of direct cash support to preventing immediate crisis and welcomed the financial interventions undertaken and planned by the Council to date, including those outlined above
- 4.6 In addition to these payments, the partnership considered two further areas for additional partnership activity. These include actions to improve access to and promote awareness of income maximisation advice, and other available supports.

Additional partnership actions to address the cost of living crisis

- 4.7 **Income maximisation advice** relates to support needed to help citizens make full access to benefits entitlements, improve benefits uptake rates, manage debts, and increase income through employment. Evidence from Council and third sector operated money advice services shows a strong impact on household incomes and good return on investment for public spending. Average financial gains from some services are estimated at £1,300 per family supported, or almost £2 for every £1 of public investment.
- 4.8 To increase capacity in the sector, the partnership noted and welcomed proposals for Council’s provisional UK Shared Prosperity Fund Edinburgh Investment Plan to incorporate funding for third sector operated income maximisation and welfare rights provision in this financial year.
- 4.9 In addition, and to build on this investment, the partnership:
- 4.9.1 Agreed that as a matter of priority, partners will collaborate to implement an employability programme for welfare rights advisors in Edinburgh to build the skilled workforce needed by the sector.
- 4.9.2 Noted that a strategic review of the advice sector in Edinburgh is planned for completion in September 2022, and that implementation of that review is critical to a citywide response to the cost of living crisis.
- 4.9.3 Agreed that additional action is needed to **raise awareness of and promote access to** financial and other crisis support available to Edinburgh citizens.
- 4.9.4 Agreed that partners will collaborate on a joint programme to promote citizen and staff awareness of help available to households who are worrying about money or struggling to get by during this autumn and winter period. This will include advice on how to check benefits entitlements and encourage benefits uptake

- 4.9.5 Agreed that partners will collaborate on raising awareness among frontline staff groups on the tools and support available for clients who are struggling or worrying about money.

5. Next Steps

- 5.1 On 30 August 2022 the Council's Policy and Sustainability Committee will consider a report on the progress to date in delivery of poverty and cost of living measures outlined in the Council's 2022/23 revenue budget. These included the allocation of £7.535m of additional funds in actions towards easing the effects of the cost of living crisis for low income households in Edinburgh.
- 5.2 In September 2022 the Edinburgh Partnership will consider a further report on actions agreed to address the cost of living crisis in Edinburgh, and a report on the findings of the strategic review of money and welfare advice services in the city.
- 5.3 Subject to approval by Council, during Autumn 2022 Council staff will progress with proposed plans to clear school meal debts and make a one-off payment to families of £100 for each child in receipt of free school meals.
- 5.4 Further to actions agreed by the Council's Finance and Resources Committee at its special meeting of 14 July 2022, Council Leader will write to both the Scottish and UK Governments to:
- 5.4.1 urge them to increase recurring welfare payments to those in need, who are most directly affected by the cost of living crisis; and also
- 5.4.2 intensify efforts to increase the uptake of welfare benefits, as many people are missing out on payments to which they are entitled.
- 5.5 A full report on these actions, and all the actions included within the Council's End Poverty in Edinburgh Delivery Plan will be considered by the Policy and Sustainability Committee in November 2022.

6. Financial impact

- 6.1 This report outlines a proposal for spend of £1,212,000 of provisionally unallocated underspend from the Council's 2021/22 budget. Full financial implications of this decision are outlined in the report to Finance and Resources Committee provided in Appendix 2 to this paper.
- 6.2 Outline approval of projects to be funded through Edinburgh's UK Shared Prosperity Fund Investment Plan was provided by the Housing Homelessness and Fair Work Committee in August 2022.
- 6.3 Council contribution to Edinburgh Partnership actions outlined in this report will be implemented within existing agreed budgets.

7. Stakeholder/Community Impact

- 7.1 The report outlines actions the Council is undertaking in discussion with Edinburgh Partnership and stakeholders.

8. Background reading/external references

8.1 [Motion to Council by Councillor Biagi, City of Edinburgh Council, 30 June 2022](#)

9. Appendices

Appendix 1: Amendment by the Administration to a report to the Finance and Resources Committee on Cost of Living Crisis: cost implications of motion approved by Council, 30 June

Appendix 2: [Report to Finance and Resources on Cost of Living Crisis: cost implications of motion approved by Council, 30 June](#)

Appendix 1: Amendment by the Administration to a report to the Finance and Resources Committee on Cost of Living Crisis: cost implications of motion approved by Council, 30 June

Item 7.1 - Cost of Living Crisis: cost implications of motion approved by Council, 30 June 2022

Replaces the recommendations in the report (provided in Appendix 2) with the following:

- 1.1 Members of the Finance and Resources Committee agree to:
 - 1.1.1 Note that the estimated cost implications of the approved motion by Cllr Biagi exceeds the amount available by circa £341,000.
 - 1.1.2 Note that the uptake of free school meals could be higher than forecast due to the current economic circumstances and to the Ukrainian families arriving in Edinburgh.
 - 1.1.3 Use the £1,212,000 set out in the report to Council on 30th June 2022 to:
 - i) clear the school meal related debt of £64,000;
 - ii) create a provision of £128,000 for school meal hardship in the coming school year;
 - iii) make the £100 payments for the 8,832 children whose families currently qualify; and
 - iv) use the remaining £136,800 (subject to audit) for making £100 payments to the families of children who are newly registered as eligible at the start of the August school term.
 - 1.1.4 Note - notwithstanding 1.1.3 (above) - that in view of wider pressures and commitments affecting 2022/23 and subsequent years of the budget framework, the Page 2 of 2 recommendation that further discretionary expenditure should not be incurred.
 - 1.1.5 Notes that the Council Leader has called a special meeting of key members of the Edinburgh Partnership to consider the above proposal and for their input to be noted in a report when Council considers the decision of the Finance and Resources Committee in relation to reserve spending.
 - 1.1.6 To request that the Council Leader writes to both the Scottish and UK Governments to:
 - a. urge them to increase recurring welfare payments to those in need, who are most directly affected by the cost of living crisis; and also
 - b. intensify efforts to increase the uptake of welfare benefits, as many people are missing out on payments to which they are entitled.